



BC Community Forest Association AGM

June 2017



Ministry of
Forests, Lands and
Natural Resource Operations

Overview of Responsibilities



Chris Stagg RPF

Assistant Deputy Minister

Timber Operations, Pricing and First Nations Division



Responsibilities Include:

First Nations Relations

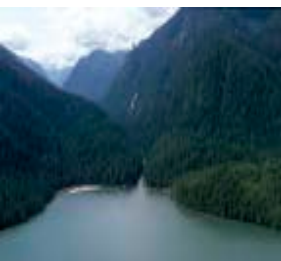
BC Timber Sales

Engineering Branch

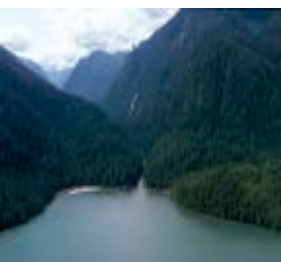
Forest Health

Softwood Lumber Agreement

Timber Pricing



Importance of Softwood Lumber Trade in B.C.

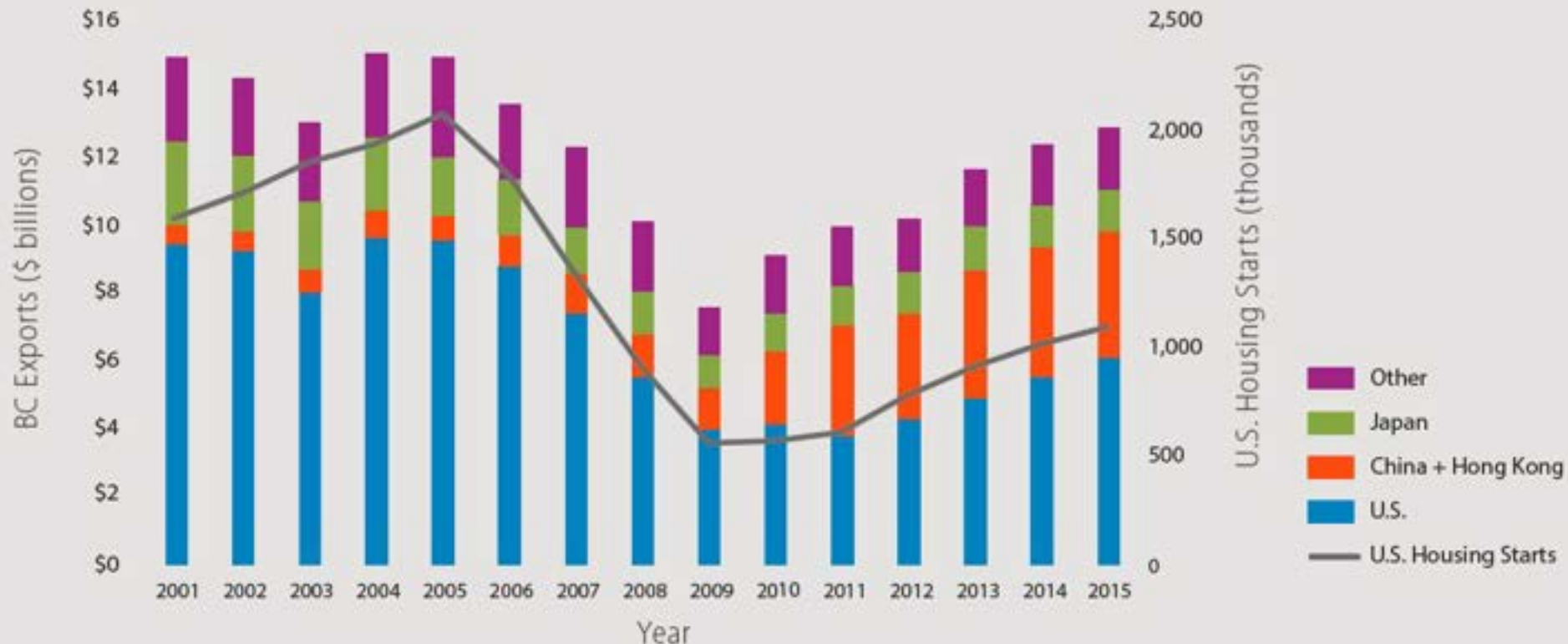


In 2016:

- Forestry generated almost \$800M direct revenue to government, provided 60,000 direct jobs in over 140 communities.
- Softwood lumber products accounted for nearly 50% of all B.C. forest product exports value.
- BC produced about 50% of all Canadian softwood lumber, accounted for about 55% of Canada's exports to the US.
- Forestry accounted for \$14B in BC's exports, \$7.4B to the U.S.

B.C. Lumber Exports and U.S. Housing Starts

Market Diversity – Annual Export Value



B.C. has made great strides in opening up Asian markets, but U.S. remains our number one market – \$4.6 billion U.S. exports in 2016.

History of Canada-US Lumber Dispute



1982-83 *Lumber I – Countervailing duty (CVD) case*

1983-86 No dispute

1986 *Lumber II – CVD*



1986-91 Memorandum of Understanding (MoU)

1992-94 *Lumber III – CVD*

1994-96 Agreement negotiation



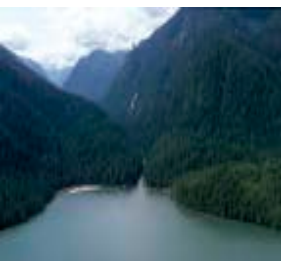
1996-01 1996 Softwood Lumber Agreement (SLA)

2001-06 *Lumber IV – CVD and Anti-Dumping (AD)*

2006-15 2006 SLA

2015-16 Standstill Period

2016- ? *Lumber V*



Negotiation of a New Agreement



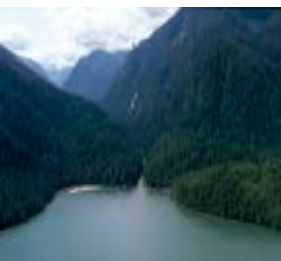
- From Jan-Nov 2016, Canada, with significant input from B.C., met with the U.S. 18 times, exchanged numerous proposals and position papers.



- The insistence of the U.S. industry on imposing a hard cap quota, the Presidential election, and the U.S. initiated litigation put the negotiations on hold.



- B.C. will continue to press for a new managed trade agreement that works for B.C., since managed trade is preferable to costly and lengthy litigation.



- Trade Envoy David Emerson and Chief Negotiator John Allan continue to advocate for B.C.'s interests in Canada and in the U.S.

Litigation - Current Status

- B.C. and Canada have been preparing for litigation since 2015 when the previous softwood lumber agreement expired.
- In Nov. 2016, U.S. industry filed its allegations with the U.S. Department of Commerce that Canadian lumber exports are subsidized, injure the U.S. industry, and that Canadian exporters are selling lumber below market value (dumping) in U.S.
- U.S. is investigating five Canadian exporters – Canfor, West Fraser, Tolko, Resolute, and J.D. Irving Limited.
- Each company will be assessed a specific subsidy & dumping duty rate. All other companies will receive an average rate based on the five company rates.



Litigation - Current Status



- **April 24:** US issued preliminary decision on subsidy.

Canfor: 20.26%

West Fraser: 24.12%

Tolko: 19.50%

Irving: 3.02%

Resolute: 12.82%

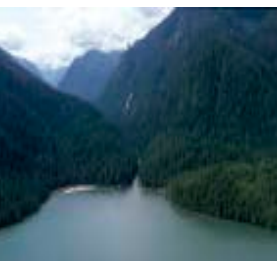
All other companies: 19.88%



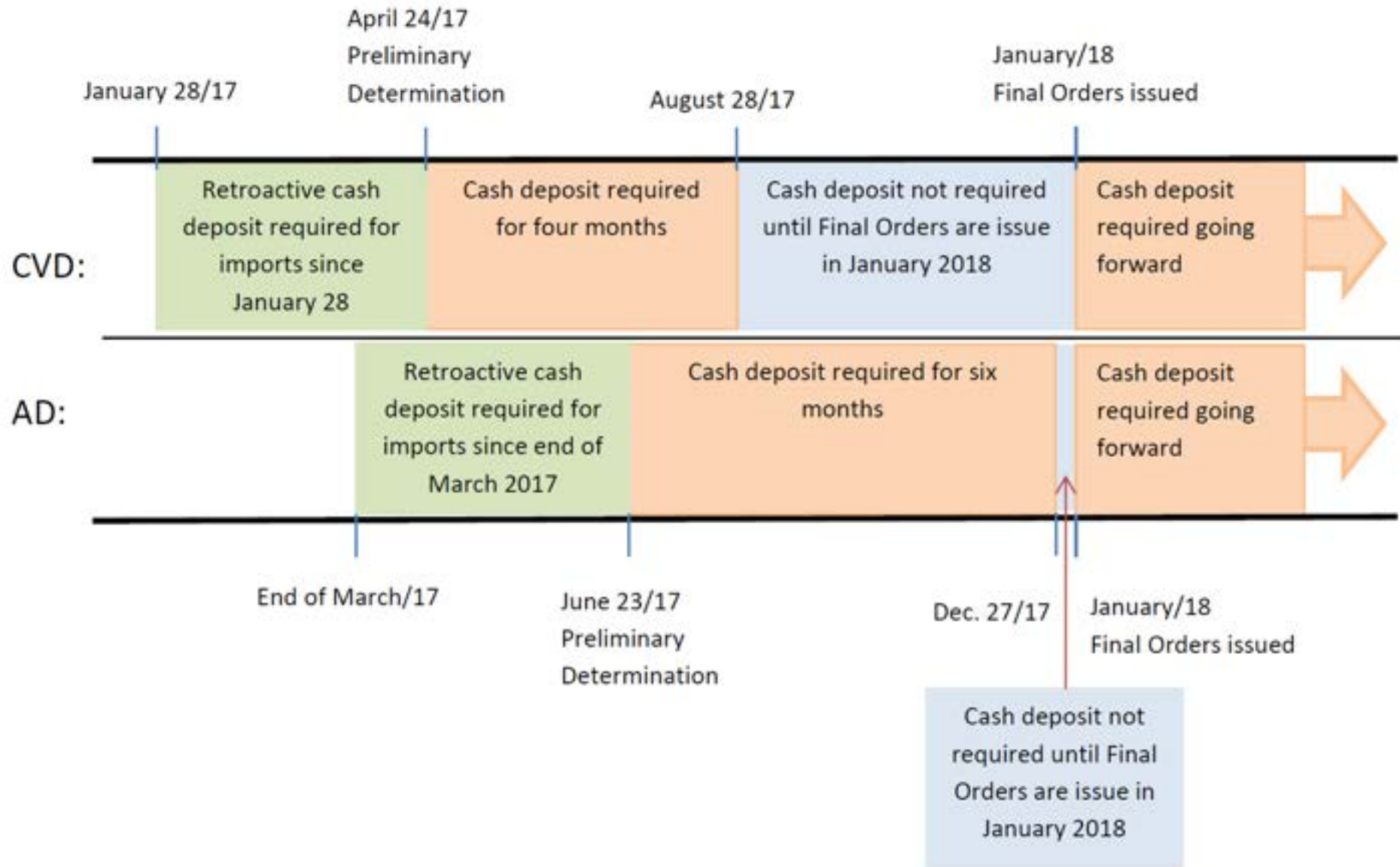
- Duties (cash deposits) are required starting April 28 for 4 months.



- Irving and the “all others” companies are also subject to retroactive duties on imports made in the 90 days prior to the preliminary subsidy rate decision.



Litigation – Approximate Timelines



Litigation – Next Steps



- June 23: Preliminary decision for anti-dumping.
- January 2018: Final determination.
 - Companies will have 30 days to request an expedited review to establish a company specific rate.
 - Canada can appeal through the WTO, and either NAFTA or the U.S. Court of International Trade.
- Historically, Canada has always successfully argued that our lumber exports are not subsidized but the appeal process can take several years.
- Cash deposits are held in trust until all appeals are final.

First Nations Relations



First Nations Forest Sector Strategy (2003) -
Components of the Strategy include:



1. Forest Consultation and Revenue Sharing
Agreements
(FCRSA)



2. Ownership and Access through Forest Tenure
Opportunity Agreements (FTOA)

3. First Nations Forest Strategy Advisory Group

4. Relationship Building and Capacity Support



5. BCTS Relationships Strategy

First Nations Relations

Tsilhqot'in Nation decision in 2014

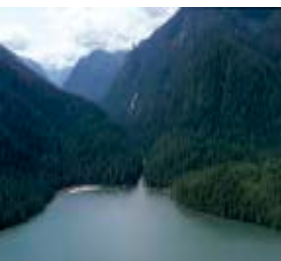
- New tools have been developed to help government address obligations for accommodation
- In 2015 the province began to negotiate new agreements to help create stability
- Look to BCCFA to support the Provincial First Nations Forestry Strategy by continuing to work with First Nations
- 2016 Indicators Report - #15 measures First Nations Involvement



First Nations Partnerships

Several Partnerships in the North between First Nations and Community Forests

- In the North - Mackenzie, Little Prairie, Wetzin'kwa and the Chinook CFA in Burns Lake all include First Nation partners
- New invite for 185,000 m³ has gone out in Fort Nelson, a partnership between community and the Fort Nelson First Nation
- The Minister has also extended an invite to the partnership of Likely Xats'ull and the Big Lake Community Association for 20,000 m³



BC Timber Sales



BCTS has expanded their ability to enter into various forms of partnerships



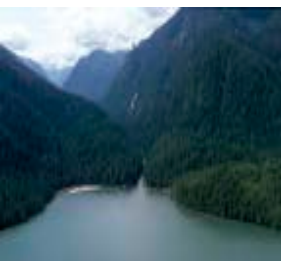
- Bill 25 is a mechanism for BCTS to enter into voluntary disposition agreements and is already seeing some success.

Service agreements – *eg silviculture*

Collaborative Management Agreements – *FSP level planning, certification etc.*



- Bill 12 enables Reduced Volume Licenses (with agreement of tenure holder) in very specific and unique circumstances to support MPS



Funding Opportunities



- Forest Enhancement Society (FES)



- Rural Dividend Fund

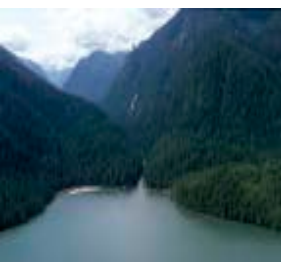
- Forests for Tomorrow (FFT)



- Strategic Wildfire Protection Initiative (SWPI)

- Forest Carbon Initiative (FCI)

(funding currently allocated through FES)



Thank you

